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**Attorney General's Investigation into the Medford Housing Authority**  
**Report On Findings, Enforcement Action and Additional Recommendations**

On September 16, 2011, the Attorney General's Office began an investigation into the management and procurement practices of Robert Covelle, Executive Director of the Medford Housing Authority (MHA). The following is a summary of the Office's enforcement action, investigation and findings, and recommendations for future reforms.

**ENFORCEMENT ACTION**

**Civil fine issued against former MHA Executive Director Covelle and Covelle precluded from state employment**

The Attorney General's Office has entered into a civil agreement against Covelle.

In the agreement, Covelle does not contest that he failed to adhere to the Commonwealth's procurement procedures in connection with two projects – construction at the LaPrise Village and various security services performed for the MHA beginning in the Fall of 2010. Covelle also does not contest that he caused false statements to be made concerning the procurement of both of those projects.

As a result, Covelle will pay a civil penalty of \$5,000 to the Commonwealth. Covelle also shall not seek or hold any position as an employee of any federal, state, county or municipal agency, authority, or other public entity located in the Commonwealth of Massachusetts for the next six years.

In a separate action, Covelle also resigned as Executive Director of the MHA on May 18, 2012.

**SCOPE OF INVESTIGATION AND FINDINGS**

The investigation was conducted by prosecutors from the Attorney General's Public Integrity Division and State Police assigned to the Attorney General's Office. The investigation included a review of thousands of documents and interviews of dozens of witnesses.

Massachusetts General Law c. 30B, establishes procedures to follow for most agreements for acquisitions of supplies and services, dispositions of surplus supplies, and real property acquisitions and dispositions by local governmental bodies. Local housing authorities are considered governmental bodies under the law. For contracts between \$5,000 and \$24,999,

governmental bodies are required to receive price quotes from at least three vendors and must award the contract to the responsible vendor offering the best price. For contracts over \$25,000, governmental bodies are required to conduct a formal advertised competition, and issue an invitation for bids (IFB) or a request for proposals (RFP), among other steps. For construction agreements, Massachusetts General Laws c. 149, §44A-J requires that governmental bodies follow similar procedures designed to ensure the integrity of publicly financed construction projects.

The investigation revealed that Mr. Covelle failed to follow proper Commonwealth procurement procedures in two separate cases. They were as follows:

### **Procurement of Security Services from Alliance Detective and Security Service**

In August 2009, Covelle contacted Alliance Detective and Security Service (“Alliance”), seeking part-time security coverage for MHA’s Walkling Court property. The parties agreed Alliance would provide a security guard at Walkling Court seven days a week, five hours a day, at \$19.00 per hour, beginning on August 20, 2009. Alliance Executive Director Rick Topham emailed Covelle a Security Services Agreement reflecting these terms.

On October 20, 2009 Covelle requested additional security coverage for MHA properties from Alliance beyond the terms of their contract, including at Willis Avenue and MHA headquarters at 121 Riverside Avenue. Alliance was never asked for nor submitted a written bid for this additional work. Alliance invoices demonstrate the number of hours billed to MHA increased over time despite the fact that the contract was never amended to reflect the change in terms.

In May 2010, Covelle again asked Alliance to provide additional security services for MHA – this time at the LaPrise Village development. Although Alliance provided an email price quote for this supplementary work, neither party updated the original Security Services Agreement. Additionally, Alliance provided security services to the MHA at two additional locations on Allston Street including Tempone Manor.

Overall, Alliance billed MHA an estimated \$140,000 - \$150,000 for security services from August 2009 – November 2011. There is no indication that any of the critical G.L. c. 30B procedures outlined above were followed in the procurement of these security services.

In June 2011, when the Massachusetts Division of Housing and Community Development (DHCD) first approached Covelle and MHA about management and procurement issues, Alliance composed a new agreement that included all the locations where Alliance was working. Covelle also requested that Alliance backdate the agreement to when Alliance first began securing MHA properties, which Alliance agreed to do.

### **Procurement in connection with LaPrise Village**

In the fall of 2010, Covelle and his subordinates hired Capitol Contracting to begin a construction project on the basement walls at the LaPrise Village, an MHA property. There is no evidence that any of the procurement requirements mandated by G.L. c. 149 were followed.

The basement wall construction was to be paid for by DHCD under a special work plan approved for federalization costs at LaPrise Village. After the project was completed in the summer of 2011, Covelle, with assistance from a subordinate, arranged for the creation of false procurement-related documents and on August 2, caused those fraudulent documents to be sent to DHCD to secure the DHCD funds.

The fraudulent documents were concocted in an effort to suggest that a semblance of the proper procurement process had been followed in connection with the hiring of Capitol for construction work on the basement walls at the LaPrise Village Development. The fraudulent documents included an invoice from Capitol to MHA, a list of bids, and a contract between MHA and Capitol, all of which were created long after the construction began, and back-dated to the Fall of 2010.

Overall, MHA paid Capitol approximately \$84,000 for the basement work conducted at LaPrise Village.

## **RECOMMENDATIONS**

### **Mandated procurement training for all Housing Authority personnel who oversee capital projects**

A common theme in interviews with Mr. Covelle and others at the MHA was a claimed lack of understanding of the Commonwealth's procurement requirements. We fear this lack of understanding reflects a potential wider problem at Housing Authorities across the Commonwealth.

The Commonwealth's Inspector General's (IG) Office offers trainings on the procurement law to public employees charged with the oversight of construction and other capital projects. Employees charged with the oversight of school construction projects, for example, are required by statute to attend regular trainings.

The Attorney General's Office recommends that all Housing Authority Executive Directors and other Housing Authority staff charged with the oversight of capital projects should be mandated to attend the IG's procurement trainings. This will help ensure the financial integrity of the millions of dollars in capital projects executed by Housing Authorities across the Commonwealth. It will also foster further accountability for those employees if they violate these laws following completion of such training.